Cut in Non-Plan expenditure

*169. DR. JANARDHAN WAGHMARE:
SHRIMATI SHOBHANA BHARTIA:

Will the Minister of FINANCE be pleased to state:

(a) whether in view of severe drought conditions and economic downturn, the Central Government has directed all the Ministries/Departments/Public Sector Undertakings (PSUs) to make a 10 per cent cut in Non-Plan expenditure and also avoid wasteful expenditure during the current fiscal year;

(b) if so, to what extent the various Ministries/Departments/PSUs have made a cut in their Non-Plan expenditure;

(c) whether the Central Government had information that several PSUs and some Ministries/Departments have not adhered to these orders; and

(d) if so, the details thereof?

THE MINISTER OF FINANCE (SHRI PRANAB MUKHERJEE): (a) In September, 2009, Ministry of Finance have advised all Ministries/ Departments to effect a mandatory 10% cut in non-plan expenditure on Domestic and Foreign Travel expenses, Publications, professional services, Advertising and Publicity, Office Expenses, POL (except for security related requirement) and other administrative expenses and a 5% cut on the remaining portion (excluding interest payments, repayment of debt, Defence capital, salaries, pension and the Finance Commission grants to the States). Subsequently in October, 2009, Deptt. of Public Enterprises, have issued instructions for effecting 10% cut, mutatis mutandis, on the expenditure of all Central Public Sector Enterprises,

(b) to (d) The responsibility for adhering to these instructions rests with the respective Ministries/Departments and PSUs. Details in this regard are not maintained centrally.

Composition of commodities and services in price indices

*170. SHRI KALRAJ MISHRA:
SHRI SANTOSH BAGRODIA:

Will the Minister of FINANCE be pleased to state:

(a) the weight-wise composition of basket of goods and services included in the price indices;

(b) how often the weight attached to respective groups of commodities and services is modified; and

(c) whether Government has set up any study to bring about convergence in the patterns of different price indices?

THE MINISTER OF FINANCE (SHRI PRANAB MUKHERJEE): (a) to (c) The weight-wise composition of basket of goods and services included in the price indices is as follows:

Table : Weight diagram of Price Indices

Comparative weights of major groups for various price indices

Wholesale Price Index (WPI) **Base**: 1993-94=100		Consumer Price Index for Industrial workers **Base**: 2001-100		Consumer Price Index for Agricultural/ Rural Labourers **Base**: 1986-87=100			Consumer Price Index for Urban Non Manual employees **Base**: 1984-85=100	
Item/Group	Weight	Item/Group	Weight	Item/Group	Weight AL	Weight RL	Item/Group	Weight
Food articles+ food products	26.94	Food	46.20	Food	69.15	66.77	Food, beverages and tobacco	47.13
Fuel, Power, Light and Lubricants	14.22	Fuel and Light	6.43	Fuel and Light	8.35	7.90	Fuel and Light	5.48
Beverages, Tobacco and Tobacco Products	1.34	Pan, supari, Tobacco and intoxicants	2.27	Pan, supari, Tobacco and intoxicants	3.79	3.70	Pan, supari etc. included in food group	
Textiles	9.80	Clothing, bedding and footwear	6.57	Clothing, bedding and footwear	6.98	9.76	Clothing, bedding and footwear	7.03
Leather and Leather Product	1.02	Miscellaneous	23.26	Miscellaneous	11.73	11.87	Miscellaneous	23.95
Other	46.68	Housing	15.27	Housing	—	—	Housing	16.41
TOTAL	100.00	TOTAL	100.00	TOTAL	100.00	100.00	TOTAL	100.00

The current series of WPI has the base year of 1993-94 = 100 which was introduced in April 2000. Earlier, it had base of 1981-82 introduced in July 1989. The current series of consumer Price Index for Industrial Workers with base year 2001=100 had been released with effect from January, 2006. Earlier it had base of 1982 introduced in October 1988. The current series of CPIs for Agricultural and Rural Labour (CPI-AL/RL) have the base year of 1986-87=100 which was introduced in November, 1995. Earlier CPI for Agricultural Labourers had base of 1960-61 introduced since September, 1964. The CPI for Urban Non-Manual Employees (CPI-UNME) of base year of 1984-85 was discontinued with effect from April 2008. However, CSO is releasing linked All-India CPI for urban non manual employees from April, 2008.

The present series of CPIs do not encompass all the segments of the population in the country and as such they do not reflect the true picture of the price behaviour in the country. The Central Statistical Organisation has, therefore, taken an initiative for compilation of new series of CPI for Urban, Rural and combined at State/UT/All India covering the entire population.

Loan agreement with IBRD

*171. SHRIMATI KANIMOZHI: Will the Minister of FINANCE be pleased to state:

(a) whether Government has signed a $2 billion Banking Sector Support loan agreement with the International Bank for Reconstruction and Development (IBRD);

(b) if so, the details thereof;

(c) whether the Indian banks are facing problems of capital inadequacy as of now; and

(d) if not, what necessitated signing of this loan agreement?

THE MINISTER OF FINANCE (SHRI PRANAB MUKHERJEE): (a) and (b) To enable the public sector banks (PSBs) to meet the credit requirements of the economy while maintaining a healthy and comfortable level of regulatory Capital to Risk-weighted Assets Ratio (CRAR), the Government has entered into an agreement with the International Bank for Reconstruction and Development (The World Bank) for a Banking Sector Support Loan of USD 2 billion for providing capital funds to the public sector banks.

(c) and (d) The recent global financial crisis has proved that a resilient banking system is the underlying requirement for regaining and sustaining economic growth momentum. The Indian PSBs are adequately capitalized for current level of business. However, in the backdrop of the recent global financial crisis, there is an added emphasis on maintaining a higher level of CRAR by the banks than the regulatory threshold, to be able to expand their business operations, meet any additional provisioning requirement arising out of slippages and to continue to extend credit to the productive sectors of the economy to sustain and accelerate the economic growth momentum of the country.